

## ORGANIZATION

- Founded in 1995
- Dallas-based
- \$3.3 billion in managed assets
- 100% Employee-owned
- A firm wide commitment to culture and diversity
- 11 investment professionals averaging 10 years tenure and 19 years investment industry experience

## KEYS TO SUCCESS

- Over 20 years focused on the theory and practice of capturing unexpected earnings
- A portfolio construction process integrating the best of both disciplines:
  - Quantitative research to identify opportunities and risks swiftly
  - Fundamental analysis to verify sources of unexpected growth
- Delivering realized growth that is better than expected

## Investment Process

The objective of the strategy is to provide a high level of current income with a sustainable trend of increasing dividends. The portfolio is designed to provide long-term inflation protection and a solid risk-adjusted return over the full market cycle.

### BUY DISCIPLINE:

Factors considered in analysis of potential buy candidates include:

- Current dividend yield of at least 2%
- Stable upward trending long term div. growth rate
- Attractive valuation
- Strong balance sheet and high earnings quality

### SELL DISCIPLINE:

A holding is sold if one or more of the following conditions applies:

- Adverse change in company dividend policy
- Deterioration of company or industry fundamentals
- Stock becomes overvalued
- Downgrade of debt rating

## Investment Performance (%)

	Dividend Growth (%) (Net of Fees)	S&P 500 Index (%)	Portfolio Beta v. S&P 500	Portfolio Annualized Alpha v. S&P 500
1 Year	9.3	4.3	0.68	6.6
3 Years	12.0	13.4	0.74	2.6
5 Years	10.3	10.8	0.72	3.0
7 Years	12.1	13.3	0.73	2.9
Since Inception	13.4	15.3	0.70	3.2

Inception Date: Oct. 1, 2011; Periods greater than 1 year have been annualized

## Strategy Facts

Inception Date	Oct. 1, 2011
# of Holdings	20–30
Allocation	Equity: 96%, Cash: 4%
5 Year Turnover	10%
Inv. Vehicle	Sep. Account
Strategy Access	Envestnet, TD Ameritrade, Schwab

## Style Objective

	Value	Growth
Large		
Small		

## Risk/Return Statistics

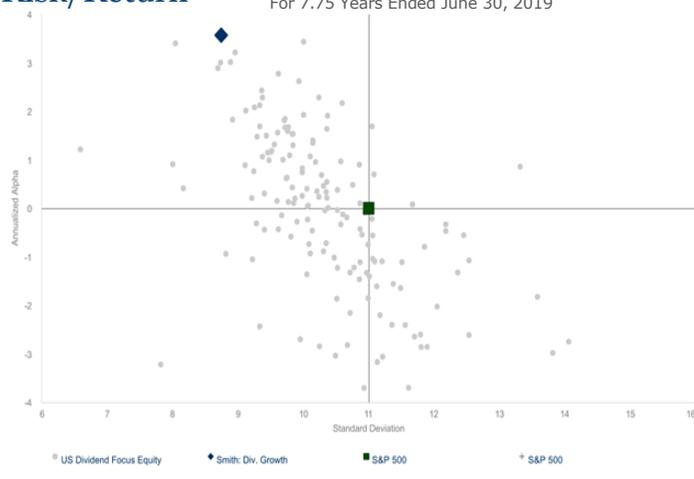
	v. S&P 500	Percentile Peer Rank
Alpha	3.8	1
Sharpe Ratio	1.55	3
Gain/Loss Ratio	2.0	2
Max Drawdown	7.1	1
Down-Mkt. Capture	56	1

Timeframe: Oct. 1, 2011 - Sept. 30, 2019, Gross of fees; Peer rank v. eVestment Alliance US Dividend Focus Equity Peer ranks for timeframe Oct. 1, 2011 - Jun. 30, 2019

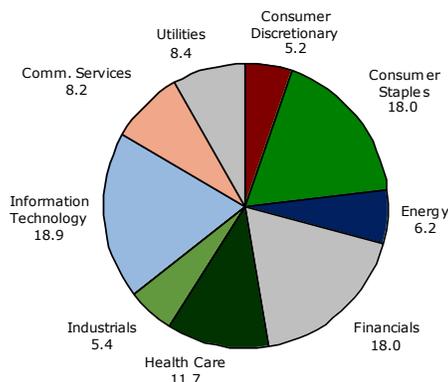
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## Risk/Return

Risk/Return Scatter Chart  
For 7.75 Years Ended June 30, 2019



## Sector Allocation (%)



Universe: eVestment US Dividend Focus Equity

## Strategy Characteristics

	Smith Div. Growth
Dividend Yield	3.3%
5 Yr. Dividend Growth Rate	10.6%
Price/Earnings - 12M Fwd.	16.2x
Price/Cash Flow	10.4x
S&P Sr. Debt Rating	AA-
Wtd. Avg. Mkt. Cap (\$B)	\$218.3
Holdings	23

## Top Ten Holdings

Sysco	Qualcomm
Microsoft	Travelers
Lockheed Martin	Pepsico
JP Morgan Chase	BB&T
McDonald's	Southern Co.

## Portfolio Objectives

Fundamental Characteristic	Individual Holdings	Total Portfolio
Dividend Yield	Greater than 2.0%	150% of S&P 500 Index
Dividend Growth Rate	Stable upward trending over the long term	At least 200% of inflation rate
Payout Ratio	Generally increasing	Generally increasing
Beta	Less than 1.5	Significantly less than 1.0
Financial Strength/Quality	Investment Grade Debt Rating. Attractive earnings quality	High financial quality
Valuation	Attractively valued relative to sector peers and/or own history	Trades at discount to the overall market

## Performance and Firm Disclosures

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